



HOW TO EXPORT TO MEXICO

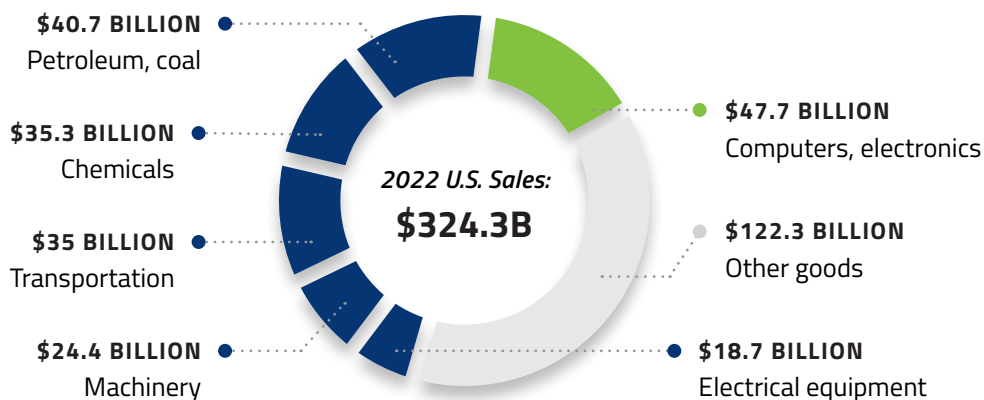
Market Opportunities and Strategies for American Exporters

Based on the U.S. Commercial Service's
2022 Mexico Country Commercial Guide

WHY EXPORT TO MEXICO?

Mexico is the largest Spanish-speaking country in the world. Its \$1.27 trillion economy is the second-largest in Latin America, and the country maintains deep trade and investment ties with the United States. U.S. exports to Mexico totaled \$324.3 billion in 2022, positioning Mexico as the second-largest overall U.S. trading partner. This large volume of trade continues to, directly and indirectly, support millions of U.S. jobs.

Close cultural, social, and economic ties make Mexico a natural market to consider for first-time exporters and those firms looking for new export markets.



Current Trade Climate

Mexico is the 16th-largest economy in the world and has generally enjoyed slow, but stable economic growth since the 1990s. Despite global headwinds related to ongoing COVID 19-linked supply chain disruptions, inflation, and geopolitical instability, Mexico's economy is expected to achieve low but steady levels of growth in 2022 and beyond driven in large part by external demand.

Given Mexico's large, diversified market, most U.S. products and services have ample market opportunities. The United States-Mexico-Canada Agreement (USMCA), which replaced the North American Free Trade Agreement (NAFTA) on July 1, 2020, provides additional trade-related benefits for U.S. companies.



Quick Facts About Mexico

- COUNTRY SIZE:**
761,600 square miles
- POPULATION:**
126.7 million people
- LANGUAGE(S):**
Spanish
- CAPITAL CITY:**
Mexico City
- LARGEST CITY:**
Mexico City
- NOMINAL GDP:**
\$1.27 trillion
15th highest worldwide
- TOTAL IMPORTS:**
Goods: \$578.2 billion
Services: \$27.0 billion
USA only: \$324.3 billion
- CURRENCY:**
Mexican Peso (MXN)

All quick fact statistics are 2022 approximations. Monetary figures throughout this guide reflect USD.

INDUSTRY OPPORTUNITIES

Given the size of the Mexican market, there is almost no product a company cannot sell successfully in Mexico with the right preparation, commitment, pricing, and service. Mexico's most promising sectors for U.S. exporters include:



Aerospace

Mexico's civilian aerospace market is huge, with nearly 50 percent U.S. share. It experienced 14 percent average annual export growth (2004–2019) and accounted for up to \$6 billion in accumulated direct foreign investment (2007–2017). Global demand for new aircraft and maintenance services—and growing air passenger flows—support a positive perspective post COVID-19.



Automotive

The USMCA requires that 75 percent of a vehicle's content (70 percent for heavy trucks) be produced in North America. Following a phase-in period, only goods meeting these content requirements will receive duty-free access. This is likely to provide new opportunities for U.S. exporters with local OEMs looking to increase the percentage of inputs in their supply chains from North American sources.



Environmental Technologies

There is a strong need for infrastructure modernization in the water sector and for technological solutions for solid waste. The National Water Commission budget for 2022 was approximately \$1.7 billion, which was used to fund improvements to existing potable water and municipal wastewater infrastructure, and increase infrastructure for water irrigation projects in Mexico's agriculture areas.

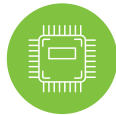


Electrical Power

Strengthening the role of CFE (the state-owned Federal Electricity Commission), so that it can become, as in the past, Mexico's primary supplier of electricity, is a top priority of the Government of Mexico. This offers opportunities for U.S. products, services, and technologies for distributed generation, energy efficiency, energy storage technologies, and small-scale renewable energy projects.

INDUSTRY OPPORTUNITIES

(cont'd)



Advanced Manufacturing

Advanced manufacturing sits at the intersection of technology and automation. Mexico is among the five largest importers of advanced manufacturing technology globally. Companies implementing AM in their manufacturing increase efficiency and build more robust and resilient supply chains. Top opportunities include industrial robots, automated guided vehicles, and mobile robot automation; sensors for visual factories; and nanotechnology to produce advanced materials.



Technology

Mexico is a large and developing middle-income market, making information and communication technology (ICT) products and services a best prospect industry sector. As in the U.S., the ICT sector is extraordinarily dynamic and diverse. The main opportunities for IT products and services are in sectors intensifying the use of IT and solutions that support operations, productivity, and cost reduction for manufacturing, retail, and financial services. These include cloud computing solutions, cybersecurity, mobile applications, software as a service (SaaS), IT administrative and consulting services, data centers, automation, and Artificial Intelligence.



Construction

This sector—including building materials and specialized expertise such as sustainable building technologies and seismic stabilization—is a best prospect industry sector for Mexico. Construction elements and supplies that allow spaces to be adapted to different needs and uses will be in high demand, whereas the office and commercial construction markets are only likely to recover in the medium- to long-term.

SALES STRATEGIES

Despite the strong similarities with selling in the U.S. and familiarity with U.S. brands and ways of doing business, it is essential to remember local culture when you sell.

01

Language & Culture

In addition to developing strong working relationships with Mexican partners, U.S. firms should use Spanish-language materials and communicate in Spanish whenever possible. Be conscious of distinct cultural practices; hiring local staff can help facilitate relationships and provide insight on selling to the Mexican market.

02

Advertising

There are more than 1,500 trade shows per year in Mexico, which include industry trade shows and consumer-related trade shows. These offer a good opportunity for U.S. exporters to build market insights, research competition, view marketing trends, and network. In addition, print media is popular for advertising in Mexico. The Mexican Association of Advertising Agencies (AMAP) is a good source to identify the proper advertising agency and advertising strategies.

03

Pricing Models

U.S. exporters should look carefully at broker fees, transportation costs, and taxes to determine if products/services can be priced competitively. Companies shipping goods not made in the U.S. (or goods produced in multiple countries) can find their products subject to duties. It is also important to consider the value-added tax.

04

Due Diligence

U.S. firms are strongly advised to conduct due diligence on a Mexican firm or individual before entering into any type of agreement. In Mexico's larger cities, it is possible to hire a local consulting or law firm to obtain information. In addition, associations or local chambers can assist U.S. firms in locating economic reports on a particular firm.



Networking

Associations to Consider

Mexico has an extensive roster of business associations. For some general associations, here is a selected list, though there are dozens more for other specific sectors:

1. American Chamber of Commerce
2. Business Coordination Council (CCE)
3. Mexican Council of Foreign Trade
4. National Association of Importers & Exporters
5. Mexican Association of Accounting Firms
6. Mexican Confederation of Customs Brokers
7. U.S.-Mexico Chamber of Commerce

Refer to Commercial Service Mexico's website for a full list of providers.

IMPORTANT MARKET DIFFERENCES

Mexican customs regulations, product standards, and labor laws may present challenges for U.S. companies. At the U.S. Embassy and consulates in Mexico, U.S. foreign service officers are available to guide firms on regulations that affect their export product or business sector.

In general, businesses exporting to Mexico must be aware of legal differences, including:

Intellectual Property

These rights are protected differently in Mexico than in the United States, so you need to understand specific procedures. Rights must be registered and enforced in Mexico under national legislation; U.S. trademarks and patents will not protect you. Securing of patents and trademark rights is on a first-to-file basis, so you should consider applying for trademark and patent protection even before selling your goods or services in the Mexican market. Intellectual property is mostly a private right and the U.S. government generally cannot enforce rights for private individuals in Mexico; it is the responsibility of the rights holders to register, protect, and enforce their rights, and where relevant, retain their own counsel and advisors. Companies may wish to seek advice from local experts in Mexican law.

Sector Limitations

Under the USMCA, the Mexican market is substantially open to most all U.S. products and services. However, 11 sectors are reserved for the Mexican government, in whole or in part, and three sectors reserved for Mexican nationals. Consult annex I & annex II for more.

Government Contracts

Upon being sworn in on December 1, 2018, the López Obrador Administration announced a new system of centralized procurement to support government anti-corruption efforts, to increase transparency and accountability, and to reduce costs. Any agency engaging in public tenders or other procurement methods is required to post all listings on CompraNet. The agency will evaluate the bid on point-based, cost-benefit, or binary criteria. It first determines bids that meet all technical requirements, then awards the purchase to the lowest price bid automatically.



LEARN MORE

The information presented in this brochure is sourced from the U.S. Commercial Service's Country Commercial Guides (CCGs), which includes in-depth reports on market conditions, opportunities, regulations and business customs for more than 140 countries. Prepared by U.S. Embassy staff worldwide and updated annually, the CCGs are the premier trusted source of market intelligence.



Talk to an Expert:

Get Trade Assistance

Ready to get started? Contact an international trade specialist at the U.S. Commercial Service for export assistance.



Next Steps:

Learn the Basics of Exporting

This ebook will give you all the information on creating a plan, financing, handling orders, shipping, legal concerns, and more.



Next Steps:

Access Financing Support

Download the Trade Finance Guide to learn about accessing capital, types of sales terms, how EXIM can help, and more.



This is a descriptive summary to be used only as a general introductory reference tool. The complete terms and conditions of the policy are set forth in the policy text, applications, and endorsements.